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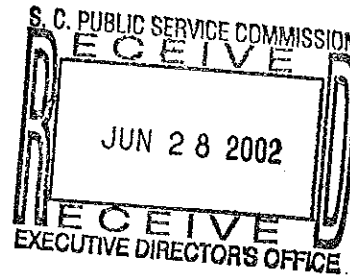
Larry R. Chewning, Jr., DMD

Mr. Gary Walsh
Executive Director
SC Public Service Commission
P.O. Drawer 11649
Columbia, SC 29211

OFFICE OF GENERAL COUNSEL

TEL.:(803)898-3349 FAX:(803)898-3367

June 27, 2002



VIA FACSIMILE AND FIRST CLASS MAIL

Re: Application of Utilities Services of South Carolina, Inc., for approval of the transfer of the water and sewer facilities, certificates, permits, powers and privileges owned and operated by Utilities of South Carolina, Inc. and South Carolina Water and Sewer, LLC

Docket No.: ~~2001-305-W~~

2002-124 W/S

Dear Mr. Walsh:

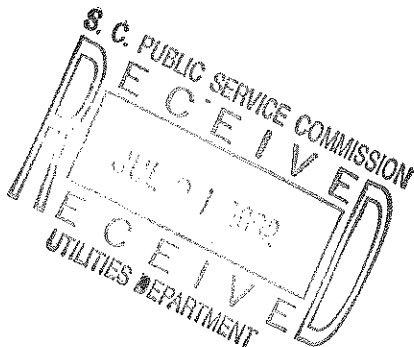
DHEC has entered into an agreement with Utilities Services of South Carolina, Inc., and U.S. Utilities, Inc., whereby DHEC will be paid all of the back fees owed to it by U.S. Utilities out of the proceeds of the proposed purchase and sale transaction. This agreement further provides that the Commission's approval of the application for transfer, if granted, should be contingent upon U.S. Utilities' payment of all operating fees owed to DHEC. A copy of this agreement is enclosed herewith.

The primary issues that DHEC desired to raise at a hearing before the Commission have been resolved through this agreement. Therefore, the South Carolina Department of Health and Environmental Control hereby formally withdraws as an intervening party in the above referenced matter.

Thank you for your assistance in this matter. Please feel free to contact me at the number above should you have any questions.

Very truly yours,

Mason A. Summers
Attorney for DHEC



ACCEPTED
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JLB

BEFORE

THE PUBLIC SERVICE COMMISSION

OF

SOUTH CAROLINA

RE: Application of Utilities Services of)
South Carolina, Inc.)
)
For Approval of the Transfer of the Water)
And Sewer Facilities, Territory, and)
Certificates Of Utilities of S.C., Inc.)
and S.C. Water and Sewer, LLC)
_____)

**Stipulation By And Between
Utilities Services Of South Carolina, Inc.,
U.S. Utilities
And The South Carolina Department
Of Health And Environmental Control**

Docket No. 2002-124-W/S

S.C. PUBLIC SERVICE COMMISSION
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UTILITIES DEPARTMENT

Utilities Services of South Carolina, Inc., (the "Applicant") and South Carolina Department of Health and Environmental Control ("Intervenor-DHEC") hereby agree to the following stipulations in the above-captioned docket matter before the South Carolina Public Service Commission (the "Commission"):

1. The Applicant has applied for approval by the Commission for the transfer of certain water and sewer systems from Utilities of South Carolina, Inc. and South Carolina Water and Sewer, LLC and to the Applicant.

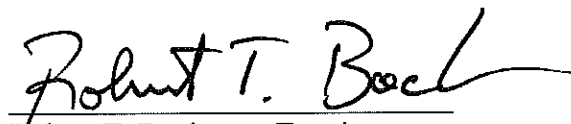
2. Utilities of South Carolina, Inc. and South Carolina Water and Sewer, LLC are affiliates of U.S. Utilities, Inc., and are collectively referred to herein as U.S. Utilities.

RETURN DATE: _____
SERVED: OK JLB

8. Intervenor-DHEC agrees to withdraw as an intervenor in the above-captioned docket matter. Intervenor- DHEC does not hereby waive any claims or rights regarding penalties owed by U.S. Utilities and expressly reserves the right to enter a separate agreement with U.S. Utilities concerning the payment of penalties, or exercise any other rights against U.S. Utilities, to seek payment of those penalties owed by U.S. Utilities.

9. The Applicant and U.S. Utilities agree that the Commission's approval of the Application for transfer, if granted, should be contingent upon U.S. Utilities' payment of all operating fees owed to Intervenor-DHEC.

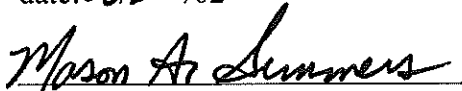
We So Stipulate:



Robert T. Bockman, Esquire
McNair Law Firm, PA
Post Office Box 11390
Columbia, SC 29211

Attorneys for U.S. Utilities, Inc.

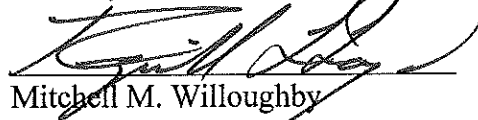
date: 06/26/02



Mason A. Summers, Esquire
Office of General Counsel
Department of Health and Environmental
Control
2600 Bull Street
Columbia, SC 29201

date: 6/26/02

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Attorneys for Applicant
Utilities Services of South Carolina, Inc.

date: 06 / 25 / 02